

(ii) Because CCC will incur additional expenses which may not be possible to quantify with certainty, including the additional cost to ensure payments are issued timely to all producers, a late signup fee in the amount of \$100 per farm will be assessed by CCC for any farm enrolled after June 1 of the fiscal year in which the direct and counter-cyclical payments are requested unless the Deputy Administrator determines a waiver of the late signup fee is appropriate. Enrollment is not allowed after September 30 of the fiscal year in which the direct and counter-cyclical payments are requested.

(3) Eligible producers who elect to enter into a contract with CCC must enroll all base acres on the farm. Enrollment of fewer than all base acres on the farm is not allowed.

(b) Eligible producers may withdraw from a contract at any time on or before September 30 of the year of the contract provided all signatories to the contract, including CCC, agree to the withdraw.

(c) All contracts shall expire on September 30 of the fiscal year of the contract unless:

(1) Withdrawn in accordance with paragraph (b) of this section;

(2) Terminated in accordance with paragraphs (d) or (e) of this section; or

(3) Terminated at an earlier date by mutual consent of all parties, including CCC.

(d) A transfer or change in the interest of a producer in base acres on the farm subject to a contract shall result in the termination of the contract with respect to such interest, and a refund of applicable direct and counter-cyclical payments issued for the farm. The contract termination shall be effective on the date of the transfer or change. Successors-in-interest on a farm subject to a contract may assume all obligations under the contract no later than September 30 of the contract year, and receive payment under the contract only after applicable direct and counter-cyclical payments previously issued to the predecessor for the farm have been refunded to CCC, or a debt for any amount not refunded to CCC has been established for the predecessor.

(e) In the event a farm reconstitution is completed in accordance with part 718 of this title, all producers with an interest in the base acres on the farm must sign a new contract and provide supporting documentation as specified in part 12 of this title, and parts 1400, and 1412 of this chapter not later than September 30 of the fiscal year direct and counter-cyclical payments are requested, after receiving written notification by the county committee indicating the reconstitution is completed. If all producers have not signed the new contract by September 30, no producers on the contract will be eligible for a direct or counter-cyclical payment for that farm for the year the contract was terminated.

[67 FR 64751, Oct. 21, 2002, as amended at 68 FR 37939, June 26, 2003]

§ 1412.402 Eligible producers.

Producers eligible to enter into a contract are:

(a)(1) An owner of a farm who assumes all or a part of the risk of producing a crop;

(2) A producer, other than an owner, on a farm with a share-rent lease for such farm, regardless of the length of the lease, if the owner of the farm enters into the same contract;

(3) A producer, other than an owner, on a farm who cash rents such farm under a lease expiring on or after September 30 of the year of the contract in which case the owner is not required to enter into the contract;

(4) A producer, other than an owner, on an eligible farm who cash rents such farm under a lease expiring before September 30 of the year of the contract. The owner of such farm must also enter into the same contract; or

(5) An owner of an eligible farm who cash rents such farm and the lease term expires before September 30 of the year of the contract, if the tenant declines to enter into a contract for the applicable year. In the case of an owner covered by this paragraph, direct and counter-cyclical payments shall not begin under the contract until the lease held by the tenant ends.

(b) A minor child shall be eligible to enter into a contract only if one of the following conditions exist:

(1) The right of majority has been conferred upon the minor by court proceedings or statute;

(2) A guardian has been appointed to manage the minor's property, and the applicable program documents are executed by the guardian; or

(3) A bond is furnished under which a surety guarantees any loss incurred for which the minor would be liable had the minor been an adult.

§ 1412.403 Reconstitutions.

Farms shall be reconstituted in accordance with part 718 of this title.

§ 1412.404 Notification of base acres.

The owner and all producers on a farm shall be notified in writing of the number of base acres eligible for enrollment in a contract, unless such owner or producer requests in writing that such owner or producer not be furnished with the notice.

§ 1412.405 Reducing base acreage.

(a)(1) Subject to the limitation in paragraph (a)(ii) of this section, a permanent reduction of all or a portion of a farm's base acreage shall be allowed when all owners of the farm execute and submit a written request for such reduction on a CCC-approved standard, uniform form designated by CCC to the FSA county office where the records for the farm are administratively maintained.

(2) A permanent reduction of all or a portion of a farm's base acreage to negate or reduce a program violation is not allowed.

(b) When base acres on a farm are converted to a non-agricultural commercial or industrial use, the total base acreage on the farm shall be reduced accordingly regardless of the submission of a request for such reduction.

§ 1412.406 Succession-in-interest to a direct and counter-cyclical program contract.

(a) A succession in interest to a contract may be permitted if there has been a change in the operation of a farm, such as:

(1) A sale of land;

(2) A change of operator or producer, including a change in a partnership

that increases or decreases the number of partners;

(3) A foreclosure, bankruptcy, or involuntary loss of the farm;

(4) A change in producer shares to reflect changes in the producer's share of the crop(s) that were originally approved on the contract; or

(5) As otherwise determined by the Deputy Administrator, if the succession will not adversely affect nor defeat the purpose of the program.

(b) A succession in interest to the contract is not permitted if CCC determines that the change:

(1) Results in a violation of the landlord-tenant provisions set forth in § 1412.505; or

(2) Adversely affects or otherwise defeats the purpose of the program.

(c) If a producer who is entitled to receive direct and counter-cyclical payments dies, becomes incompetent, or is otherwise unable to receive the payment, CCC will make the payment in accordance with part 707 of this title.

(d) A producer or owner must inform the county committee of changes in interest in base acres on the farm not later than:

(1) August 1 of the fiscal year in which the change occurs if the change requires a reconstitution be completed in accordance with part 718 of this title; or

(2) September 30 of the fiscal year in which the change occurs if the change does not require a reconstitution be completed in accordance with part 718 of this title.

(e)(1) In any case in which either a direct or counter-cyclical payment has previously been made to a predecessor, such payment shall not be paid to the successor unless payment has been refunded by the predecessor, or a debt for any amount not refunded to CCC has been established for the predecessor.

(2) A succession in interest shall not increase the liability of CCC.

[67 FR 64751, Oct. 21, 2002, as amended at 68 FR 37939, June 26, 2003]

§ 1412.407 Planting flexibility.

(a) Any crop may be planted and harvested on base acreage on a farm, except as limited elsewhere in this section. Any crop may be planted on DCP